

LAWLER, METZGER & MILKMAN, LLC

2001 K STREET, NW  
SUITE 802  
WASHINGTON, D.C. 20006

RUTH MILKMAN  
PHONE (202) 777-7726

PHONE (202) 777-7700  
FACSIMILE (202) 777-7763

November 7, 2002

BY ELECTRONIC FILING

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

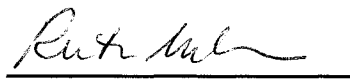
Re: *Ex Parte Presentation*  
In the Matter of Review of the Section 251 Unbundling  
Obligations of Incumbent Local Exchange Carriers,  
CC Docket Nos. 01-338, 96-98, 98-147

Dear Ms. Dortch:

On November 7, 2002, Donna Sorgi, WorldCom, Inc., e-mailed the attached article and summary to William Maher, Christopher Libertelli, Michelle Carey, Daniel Gonzalez, Matthew Brill and Jordan Goldstein; and Ruth Milkman, counsel to WorldCom, Inc., e-mailed the article and summary to Simon Wilkie, Robert Pepper, Barbara Cherry, William Sharkey and Donald Stockdale.

Pursuant to section 1.1206(b)(2) of the Commission's rules, 47 C.F.R. § 1.1206(b)(2), this letter is being provided to you for inclusion in the public record of the above-referenced proceeding.

Sincerely,

  
\_\_\_\_\_  
Ruth Milkman

## SBC Ameritech Responds to Local Phone-Service Competition with Price Cuts

By Jon Van, Chicago Tribune Knight Ridder/Tribune Business News

Source: Knight-Ridder / Tribune Business News  
Date: November 07, 2002

Nov. 7--In a move to counter competitive threats from other phone service providers, SBC Ameritech said Wednesday that it is cutting rates by putting a cap on the monthly price for unlimited local calling.

The unlimited calling plan will be capped at \$13.50 a month. Additionally, Ameritech is also cutting the price for two of its feature-laden service packages by \$4 each, a reduction of about 10 percent.

The price cuts, Ameritech's second major rate reduction this year, are a response to heated local calling competition from AT&T, MCI and others, who have been siphoning customers with flat-rate local calling packages. Ameritech executives estimate the latest reduction will knock \$24 million a year off of customer bills.

Carrie Hightman, president of Ameritech Illinois, said she hopes the lower rates will help her firm retain existing customers and win back some defectors. Also, Ameritech wants to convince consumers who now use wireless phones to make calls--or send an e-mail instead--to return to more traditional phone use.

"We have to work at building business on all fronts," she said. "That's what the competition does."

In July, Ameritech eliminated its long-standing practice of charging by the minute for some local calls and dropped some other rates for an estimated reduction of \$30 million a year.

"These are the first fruits of competition seen by consumers," said Wayne E. Huyard, president of MCI, the unit of WorldCom Inc. that is one of Ameritech's most vigorous competitors. "Some of the most vibrant competition in the country is in Michigan and Illinois, and customers are really benefiting."

The new Ameritech cuts are especially consumer friendly because they don't require customers to sign up for anything to get the benefits, said Martin Cohen, executive director of the Citizens Utility Board. "Even people who never shop around may see their bill go down if they use their phones a lot," Cohen said.

Ameritech charges 3 cents to a nickel for each local call that travels less than 15 miles, Cohen noted, so people who make more than 350 to 400 calls a month will benefit because their total calling charge will stop when they hit \$13.50. Ameritech already offers unlimited local calling for \$12.50 a month, he said, but the new cap may be a better deal.

"If you're on the \$12.50 plan, you pay that much every month, even if you're out of town three weeks and make very few local calls," he said. "With the cap, you only pay for what you use up to \$13.50.

"I don't see any downside for anyone in this."

## What UNE-P Can Do for Consumers and Competition

### MCI Local as Case Study

- Over 65 million households have a choice for local service for the first time.
- MCI serves over 2.4 million residential customers in 39 States and the District of Columbia. MCI continues with aggressive plans to offer local choice with targeted coverage of the entire continental United States by early 2003
- UNE-P keeps the multibillion-dollar MCI facilities-based long distance network in play in the residential market. The BOCs are combining their local facilities with resold long distance to offer an “all distance” product to residential customers. It is competitively essential for MCI to be able to package UNE-P with its huge long distance facilities to compete in kind.

### **Products and Services Never Before Available to Consumers**

- All MCI Local States: MCI is offering combination packages of local and long distance services for consumers with a wide variety of needs and calling patterns. In every state MCI enters for local, it offers consumers innovative products and competitive pricing.
- One of MCI’s premiere products, Neighborhood Complete, offers consumers unlimited local, local toll and long distance calling plus an attractive package of features that includes voice mail. All this for a single low price between \$49.99 to \$59.99 depending on the state.
- Michigan: Consumers had an unattractive unlimited local calling product available from the incumbent that was priced at over \$40 per month. MCI’s entry with a product that includes unlimited local calls at half that price, plus the option of purchasing a bucket of long distance minutes at competitive rates, offers a major enhancement for consumers. The incumbent has since dropped its price for its own unlimited local only product by more than 50%.
- Pennsylvania: In this state, the incumbent had a complicated “band” system for local service. MCI entered that market and effectively wiped out these complicated and arcane distinctions. Consumers can now just pick up the phone and make their local calls without trying to determine what “band” they are calling into and whether those calls are local or toll calls.
- New Jersey and Pennsylvania: The Neighborhood built by MCI has been chosen by more than 1 million any-distance customers in 39 states and Washington, DC. Verizon followed MCI with the two-state rollout of their own version of a bundled product, though it is full of limitations. It is still a good sign that competition is working when a monopoly is spurred by an offering like The Neighborhood to suddenly offer new products and services.
- Florida Colorado and Arizona: MCI showed its commitment to bringing a quality product with an attractive price to the residence of Florida by lowering rates for the Neighborhood in many parts of the state. The rate change was in part due to the approval by the Florida Public Service Commission of lower rates for wholesale access to the monopoly BellSouth network. When Colorado and Arizona lowered wholesale rates MCI responded by expanding coverage and offering new products in those states.